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BILL ANALYSIS

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House Bill 6456 (Substitute H-2 as passed by the House)
Sponsor: Representative Mike Nofs
House Committee: Energy and Technology
Senate Committee: Technology and Energy

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CONTENT

The bill would create the "Uniform Video Services Local Franchise Act" to do the following:

-- Prohibit a person from providing video services in any local unit of government without first obtaining a uniform video service local franchise, except as otherwise provided.
-- Provide that a uniform video service local franchise would be in effect for 10 years.
-- Prohibit a franchising entity from requiring a video service provider to obtain a separate franchise or otherwise imposing any fee or franchise requirement except as provided under the proposed Act.
-- Require the Public Service Commission (PSC), within 30 days after the bill took effect, to establish the standardized form for the uniform video service local franchise agreement.
-- Specify that any provisions of a franchise agreement existing on the bill's effective date that were inconsistent with or in addition to the provisions of the uniform agreement would be unreasonable and unenforceable.
-- Require a video service provider to provide for the same number of public, education, and government access channels that were in use on the incumbent video provider's system on the bill's effective date.
-- Provide that a video service provider would not be subject to any civil or criminal liability for any program.
-- Require a provider to give subscribers access to the signals of the local broadcast television station.
-- Prohibit a franchising entity from enforcing any term, condition, or requirement of any franchise agreement that was more burdensome than the terms, conditions, or requirements contained in another franchise agreement.
-- Require a video service provider to pay to the franchising entity an annual video service provider fee, as well as an annual fee for reasonable capital costs of public, education, and government access facilities.
-- Require a franchising entity to allow a video service provider nondiscriminatory and competitively neutral access to a public right-of-way.
-- Prohibit a video service provider from denying access to service to any group of potential residential subscribers due to race or income.
-- Require each video service provider and the PSC to establish a dispute resolution process.
-- Require the PSC to file an annual report on the status of competition for video services in Michigan.
-- Prescribe administrative penalties for a violation.

The bill is described below in further detail.

Uniform Local Franchise Agreement

The uniform video service local franchise agreement would have to include all of the following provisions:

-- The provider's name, address, telephone number, and principal place of business.
-- The names of the provider's principal executive officers and any people authorized to represent the provider before the franchising entity and the PSC.
-- The date on which the provider expected to provide video services in the identified video service area, if the provider were not an incumbent video provider.
-- An exact description of the video service area footprint to be served, as identified by a geographic information system digital boundary meeting or exceeding national map accuracy standards.
-- A requirement that the provider pay the video service provider fees required by the bill.
-- A requirement that the provider file in a timely manner with the Federal Communications Commission (FCC) all forms required by that agency before offering video service in Michigan.
-- A requirement that the provider agree to comply with all valid and enforceable Federal and State statutes and regulations.
-- A requirement that the provider agree to comply with all valid and enforceable local regulations regarding the use and occupation of public rights-of-way in the delivery of the video service, including the police powers of the franchising entity.
-- A requirement that an incumbent video provider comply with the terms providing insurance for right-of-way related activities that were contained in its last cable franchise or consent agreement from the franchising entity entered before the bill's effective date.
-- A grant of authority by the franchising entity to provide video service in the identified video service area footprint.
-- A grant of authority by the franchising entity to use and occupy the public rights-of-way in the delivery of the video service, subject to the laws of Michigan and the police powers of the franchising entity.
-- A requirement that the parties to the agreement be subject to the provisions of the bill.
-- The penalties provided for in the bill.

The uniform agreement also would have to include requirements that the provider comply with all of the following:

-- All FCC requirements involving the distribution and notification of emergency messages over the emergency alert system applicable to cable operators.
-- The bill's public, education, and government programming requirements.
-- Applicable provisions of the Michigan Consumer Protection Act and all customer service rules of the FCC under 47 CFR 76.309(c) applicable to cable operators (which pertain to cable system office hours and telephone availability; installations, outages, and service calls; and communications between cable operators and cable subscribers).
-- Federal consumer privacy requirements applicable to cable operators.
-- In-home wiring and consumer premises wiring rules of the FCC applicable to cable operators.

With regard to the description of the service area footprint, for providers with at least 1.0 million access lines in Michigan using telecommunication facilities to provide video services, the footprint would have to be identified in terms of entire wire centers or exchanges. An incumbent video provider would satisfy the requirement by allowing a franchising entity to seek right-of-way related information comparable to that required by a permit under the Metropolitan Extension Telecommunications Rights-of-Way Oversight (METRO) Act, as set forth in its last agreement from the franchising entity entered before the bill's effective date.

"Franchising entity" would mean the local unit of government in which a provider offered video services through a franchise agreement.

"Video service" would mean video programming, cable services, IPTV (internet protocol television), or OVS (open video system) provided through facilities located at least in part in the public rights-of-way without regard to delivery technology, including internet protocol technology. The term would not include any video programming provided by a commercial mobile service provider defined in 47 USC

332(d) or provided solely as part of, and via, a service that enabled users to gain access to content, information, electronic mail, or other services offered over the public internet.

(Under 47 USC 332(d), "commercial mobile service" means any mobile service that is provided for profit and makes interconnected service available to the public or to such classes of eligible users as to be effectively available to a substantial portion of the public, as specified by FCC regulation.)

"Incumbent video provider" would mean a cable operator serving cable subscribers or a telecommunication provider providing video services through the provider's existing telephone exchange boundaries in a particular franchise area within a local unit of government (a city, village, or township) on the bill's effective date.

Franchise Agreement Approval

Before offering video services within the boundaries of a local unit of government, a video provider would have to enter into or possess a franchise agreement with the local unit as required by the bill.

A franchising entity would have to notify the provider as to whether the submitted franchise agreement was complete within 15 business days after the franchise agreement was filed. If the agreement were not complete, the franchising entity would have to state in its notice the reasons the agreement was incomplete.

A franchising entity would have 30 days after a franchise agreement was submitted to approve it. If the entity did not notify the provider regarding the agreement's completeness or approve the agreement within the required time period, the agreement would be considered complete and approved.

Franchise Duration & Scope

A uniform video service local franchise would be for a period of 10 years from the date it was issued. Before the initial agreement or any subsequent renewals expired, the provider could apply for an additional 10-year renewal.

A franchising entity could not require a video service provider to obtain a separate franchise or otherwise impose any fee or franchise requirement except as provided under the bill. For purposes of this provision, a franchise requirement would include a provision regulating rates charged by video service providers or requiring them to satisfy any build-out requirements, or a requirement for the deployment of any facilities or equipment.

Agreement Transfer; Termination & Modification

The uniform video service local franchise agreement issued by a franchising entity or an incumbent video service provider's existing franchise would be fully transferable to any successor in interest to the provider to which it initially was granted. A notice of transfer would have to be filed with the franchising entity within 15 days after the transfer was completed.

Except as provided by the bill, a provider could terminate a uniform video service local franchise agreement, or modify the service area footprint by submitting notice to the franchising entity. If any of the information contained in the franchise agreement changed, the provider would have to notify the franchising entity in a timely manner.

Programming

Public, Education, & Government Access Channels. The bill would require a video service provider to designate a sufficient amount of capacity on its network to provide for the same number of public, education, and government access channels that were in actual use on the incumbent video provider's system on the bill's effective date.

Any public, education, or government access channel that was not used by the franchising entity for at least eight hours per day for three consecutive months could no longer be made available to the franchising entity and could be programmed at the provider's discretion. The provider would have to restore the previously reallocated channel when the franchising entity could certify a schedule for at least eight hours of daily programming for three consecutive months.

A public, education, or government channel could be used only for noncommercial purposes.

Form of Transmission. The franchising entity would have to ensure that all transmissions, content, or programming to be retransmitted by a video service provider was provided in a manner or form that was capable of being accepted and retransmitted by a provider, without requirement for additional alteration or change in the content by the provider, over the provider's particular network, which was compatible with the technology or protocol used by the provider to deliver services.

Interconnectivity with Incumbent Provider. A video service provider could request that an incumbent provider interconnect with its video system for the sole purpose of providing access to video programming over public, education, and government channels for a franchising entity that was served by both providers. Where technically feasible, interconnection would have to be allowed under an agreement of the parties. The video service provider and incumbent video provider would have to negotiate in good faith and could not withhold interconnection unreasonably. Interconnection could be accomplished by any reasonable method to which the providers agreed. The requesting provider would have to pay the construction, operation, maintenance, and other costs arising out of the interconnection, including the reasonable costs incurred by the incumbent provider.

Responsibility & Liability. The person producing the broadcasts would be solely responsible for all content provided over designated public, education, or government channels. A video service provider could not exercise any editorial control over any programming on any channel designed for public, education, or government use or on any other channel required by law.

A video service provider would not be subject to any civil or criminal liability for any program carried on any channel designated for public, education, or government use or on any other channel.

Broadcast Signals

Except as otherwise provided, a provider would have to give subscribers access to the signals of the local broadcast television station licensed by the FCC to serve those subscribers over the air. A provider would be required to carry digital broadcast signals only to the extent that a broadcast television station had the right under Federal law or regulation to demand carriage of those signals by a cable operator on a cable system.

To facilitate access by subscribers of a video service provider to the signals of local broadcast stations, a station either would have to be granted mandatory carriage or could request retransmission consent with the provider. A provider would have to transmit, without degradation, the signals a local broadcast station delivered to the provider. A provider would not have to provide a television station valuable consideration in exchange for carriage.

A provider could not discriminate among or between broadcast stations and programming providers with respect to transmission of their signals, taking into account any consideration afforded the provider by the programming provider or broadcast station. In no event could the signal quality as retransmitted by the provider be required to be superior to the signal quality of the broadcast stations as received by the provider from the broadcast television station.

A provider could not delete, change, or alter a copyright identification transmitted as part of a broadcast station's signal.

A provider could not be required to use reception technology that was the same as or similar to the broadcast stations or programming providers.

These provisions would apply only to a video service provider that delivered video programming in a video service area where the provider was not regulated as a cable operator under Federal law.

Low Power Station

The provisions described above concerning programming and broadcast signals would not apply to a low power station unless it was a qualified low power station as defined under 47 USC 534(h)(2).

(Under 47 USC 534(h)(2), "qualified low power station" means any television broadcast station conforming to Federal regulations established for low power television stations, only if all of the following conditions are met:

-- The station broadcasts for at least the minimum number of hours of operation required by the FCC for television broadcast stations under Federal regulations.
-- The station complies with Federal interference regulations consistent with its secondary status.
-- The station is located within 35 miles from the cable system's headend, and delivers to the principal headend an over-the-air signal of good quality, as determined by the FCC.
-- The station's community of license and the cable system's franchise area are both located outside of the largest 160 metropolitan statistical areas as of June 30, 1990, and the population of the community of license did not exceed 35,000 on that date.
-- There is no full power television broadcast station licensed to any community within the county or other political subdivision of a state served by the cable system.

In addition, the station must meet all obligations and requirements applicable to television broadcast stations under Federal regulations with respect to the broadcast of nonentertainment programming; programming and rates involving political candidates, election issues, controversial issues of public importance, editorials, and personal attacks; programming for children; and equal employment opportunity; and the FCC determines that the provision of such programming by the station would address local news and information needs that are not being adequately served by full power television broadcast stations because of the geographic distance of such full power stations from the low power station's community of license.)

Existing Franchise Agreements

As of the bill's effective date, no existing franchise agreement with a franchising entity could be renewed or extended upon the agreement's expiration date.

An incumbent video provider, at its option, could continue to provide video services to a franchising entity by electing to do one of the following:

-- Terminate the existing agreement before its expiration date and enter into a new franchise under a uniform video service local franchise agreement.
-- Continue under the existing franchise agreement amended to include only those provisions required under a uniform video service local franchise.
-- Continue to operate under the terms of an expired franchise until a uniform video service local franchise agreement took effect.

An incumbent video provider would have 120 days after the bill took effect to file for a uniform video service local franchise agreement.

On the bill's effective date, any provisions of an existing franchise agreement that were inconsistent with or in addition to the provisions of a uniform video service local franchise agreement would be unreasonable and unenforceable by the franchising entity.

If a franchising entity authorized two or more video service providers through an existing franchise, a uniform video service local franchise agreement, or a voluntary agreement (described below), the franchising entity could not enforce any term, condition, or requirement of any franchise agreement that was more burdensome than the terms, conditions, or requirements contained in another franchise agreement.

Voluntary Franchise Agreement

The bill specifies that the proposed Act would not prohibit a local unit of government and a video service provider from entering into a voluntary franchise agreement that included terms and conditions different than those required under the Act, including a reduction in the franchise fee in return for the provider's making available to the franchising entity services, equipment, capabilities, or other valuable consideration. This provision would not apply unless for each provider servicing the franchise entity it was technically feasible and commercially practicable to comply with similar terms and conditions in the franchise agreement and it was offered to the other provider.

Video Service Provider Fees

Annual Provider Fee. A video service provider would have to calculate and pay to the franchising entity an annual video service provider fee. The fee would have to be one of the following:

-- If there were an existing franchise agreement, an amount equal to the percentage of gross revenue paid to the franchising entity by the incumbent provider with the largest number of subscribers in the franchising entity.
-- At the expiration of an existing agreement, or if there were no existing agreement, an amount equal to the percentage of gross revenue as established by the franchising entity, not to exceed 5% and applicable to all providers.

The franchising entity could not demand any additional fees or charges from a provider, or demand the use of any calculation method other than allowed under the bill.

In the case of a video service that was bundled or integrated functionally with other services, capabilities, or applications, the portion of the video provider's revenue attributable to the other services, capabilities, or applications would have to be included in gross revenue unless the provider reasonably could identify the division or exclusion of the revenue from its books and records kept in the regular course of business.

Revenue of an affiliate would have to be included in the calculation of gross revenue to the extent that its treatment as revenue of the affiliate had the effect of evading the payment of franchise fees that otherwise would be paid for video service.

"Gross revenue" would mean all consideration of any kind or nature, including cash, credits, property, and in-kind contributions the provider received from subscribers for the provision of video service by the provider within the jurisdiction of the franchising entity. Gross revenue would include all of the following:

-- All charges and fees paid by subscribers for the provision of video service, including equipment rental, late fees, insufficient funds fees, fees attributable to video service when sold individually or as part of a package or bundle, or functionally integrated, with services other than video services.
-- Any franchise fee imposed on the provider that was passed on to subscribers.
-- Compensation the provider received for promotion or exhibition of any products or services over the video service.
-- Revenue the provider received as compensation for carriage of video programming on that provider's video service.
-- All revenue derived from compensation arrangements for advertising attributable to the local franchise area.
-- Any advertising commissions paid to an affiliated third party for video service advertising.

Gross revenue would not include any of the following:

-- Any revenue not actually received, even if billed, such as bad debt net of any recoveries of bad debt.
-- Refunds, rebates, credits, or discounts to subscribers or a municipality to the extent not already offset as described above, to the extent the refund, rebate, credit, or discount was attributable to the video service.
-- Any revenue received by the provider or its affiliates from the provision of services or capabilities other than video service, including telecommunications services, information services, and services, capabilities, and applications that could be sold as part of a package or bundle, or functionally integrated, with video service.
-- Any revenue the provider or its affiliates received for the provision of directory or internet advertising, including yellow pages, white pages, banner advertisement, and electronic publishing.
-- Any amount attributable to the provision of video service to customers at no charge, including the provision of such service to public institutions without charge.
-- Any tax, fee, or assessment of general applicability imposed on the customer or the transaction by a Federal, state, or

local government or any other governmental entity, collected by the provider, and required to be remitted to the taxing entity, including sales and use taxes.
-- Any foregone revenue from the provision of video service at no charge to any person, except that any foregone revenue exchanged for trades, barters, services, or other items of value would be included in gross revenue.
-- Sales of capital assets or surplus equipment.
-- Reimbursement by programmers of marketing costs actually incurred by the provider for the introduction of new programming.
-- The sale of video service for resale to the extent the purchaser certified in writing that it would resell the service and pay a franchise fee with respect to it.

Credit. A video service provider would be entitled to a credit applied toward the annual provider fee for all funds allocated to the franchising entity from annual maintenance fees paid by the provider for use of public rights-of-way, minus any property tax credit approved by the PSC, under the METRO Act. The credits would have to be applied on a monthly pro rata basis beginning in the first month of each calendar year in which the franchising entity received its allocation of funds. The credit would have to be calculated by multiplying the number of linear feet occupied by the provider in the franchising entity's public rights-of-way by five cents.

Public, Education, & Government Access Facilities. A video service provider would have to pay to the franchising entity as support for reasonable capital costs of public, education, and government access facilities an annual fee equal to one of the following:

-- If there were an existing franchise on the bill's effective date, the fee paid to the franchising entity by the incumbent provider with the largest number of cable service subscribers in the franchising entity as determined by the existing agreement.
-- At the expiration of the existing agreement, the amount required above, not to exceed 1% of gross revenue.
-- If there were no existing agreement, a percentage of gross revenue as established by the franchising entity, not to exceed 1%, to be determined by a community need assessment.
-- An amount agreed to by the franchising entity and the video service provider.

The fee could not exceed the reasonable capital cost of providing the public, education, and government access facilities and would have to apply to all providers.

Payment. The fees would be due on a quarterly basis and would have to be paid within 45 days after the close of the quarter. Each payment would have to include a statement explaining the basis for the calculation of the fee.

GAAP. All determinations and computations made with regard to the required fees would have to be pursuant to generally accepted accounting principals.

Billing. Any video service provider could identify and collect the amount of the video service provider fee and the public, education, and government programming fee as separate line items on a subscriber's regular bill.

Audits of Fees

Not more than every 24 months, a franchising entity could perform reasonable audits of a video service provider's calculation of the fees paid during the preceding 24-month period only. The provider would have to make available all records reasonably necessary for the audits at the location where records were kept in the ordinary course of business. The franchising entity and the provider would be responsible for their respective costs of the audit. The provider would have to pay any additional amount due verified by the franchising entity within 30 days of the franchising entity's submission of an invoice for the sum. If the sum exceeded 5% of the total fees the audit determined should have been paid for the 24-month period, the provider would have to pay the franchising entity's reasonable costs of the audit.

Any claims by a franchising entity that fees had not been paid as required, and any claims for refunds or other corrections to the remittance of the provider, would have to be made within three years from the date the compensation was remitted.

Access to Right-of-Way

A franchising entity would have to allow a video service provider to install, construct, and maintain a video service or communications network within a public right-of-way and would have to give the provider open, comparable, nondiscriminatory, and competitively neutral access to the public right-of-way.

A franchising entity could not discriminate against a video service provider to provide video service for any of the following:

-- The authorization or placement of a video service or communications network in public rights-of-way.
-- Access to a building.
-- A municipal utility pole attachment.

Permit Fee

A franchising entity could impose on a video service provider a permit fee only to the extent it imposed such a fee on incumbent providers. Any fee could not exceed the actual, direct costs the franchising entity incurred for issuing the relevant permit. A fee could not be levied if the provider already had paid a permit fee of any kind in connection with the same activity that otherwise would be covered by the permit fee, or otherwise was authorized by law or contract to place the facilities the provider used in the public rights-of-way or for general revenue purposes.

Subscriber Access

A video service provider could not deny access to service to any group of potential residential subscribers because of the race or income of the residents in the local area in which the group resided.

It would be a defense to an alleged violation of this prohibition if the provider had met either of the following conditions:

-- Within three years of the date it began providing video service under the proposed Act, at least 25% of households with access to the provider's video service were low-income households.
-- Within five years of the date it began providing service and from that point forward, at least 30% of the households with access to the provider's video service were low-income households.

("Low-income household" would mean a household with an average annual household income of less than $35,000 as determined by the most recent decennial census.)

If a provider were using telecommunication facilities to provide video services and had more than 1.0 million telecommunication access lines in Michigan, the provider would have to provide access to its video service to a number of households equal to at least 25% of the households in the provider's telecommunication service area in the State within three years of the date it began providing video service under the proposed Act, and to a number that was at least 50% of those households within six years. A provider would not have to meet the 50% requirement until two years after at least 30% of the households with access to the provider's video service subscribed to the service for six consecutive months.

Each provider would have to file an annual report with the franchising entity and the PSC regarding the progress that had been made toward compliance with these provisions.

Except for satellite service, a video service provider could satisfy these requirements through the use of alternative technology that offered service, functionality, and content, that was demonstrably similar to that provided through the provider's video service system, and could include a technology that did not require the use of any public right-of-way. The technology used to comply with the subscriber access requirements would have to include local public, education, and government channels and messages over the emergency alert system as required by the bill.

A provider could apply to the franchising entity, and, in the case of a provider using telecommunication facilities to provide video services that had more than 1.0 million telecommunication access lines in Michigan, the PSC, for a waiver of or for an extension of time to meet these requirements if any of the following applied:

-- The inability to obtain access to public and private rights-of-way under reasonable terms and conditions.
-- Developments or buildings not being subject to competition because of existing exclusive service arrangements.
-- Developments or buildings being inaccessible using reasonable technical solutions under commercial reasonable terms and conditions.
-- Natural disasters.
-- Factors beyond the provider's control.

The franchising entity or PSC could grant the waiver or extension only if the provider had made substantial and continuous effort to meet the access requirements. If an extension were granted, the franchising entity or the PSC would have to establish a new compliance deadline. If a waiver were granted, the franchising entity or the PSC would have to specify the requirement or requirements waived.

Notwithstanding any other provision of the bill, a provider using telephone facilities to provide video service would not be obligated to provide the service outside the provider's existing telephone exchange boundaries. A video service provider could not be required to comply with, and a franchising entity could not impose or enforce, any mandatory build-out or deployment provisions, schedules, or requirements except as required by the bill.

<u>Dispute Resolution Process</u>

Each video service provider would have to establish a dispute resolution process for its customers. Each provider would have to maintain a local or toll-free telephone number for customer service contact, and notify customers of the dispute resolution process.

The PSC would have to establish a process to review disputes that were not resolved under the provider's dispute resolution process, disputes between a provider and a franchising entity, and disputes between providers.

<u>Confidentiality</u>

Trade secrets and commercial or financial information submitted under the proposed Act to the franchising entity or the PSC would be exempt from the Freedom of Information Act, except under the terms of a mandatory protective order. If information were disclosed under such an order, the franchising entity or PSC could use the information for the purposes for which it was required, but the information would have to remain confidential.

There would be a rebuttable presumption that costs studies, customer usage data, marketing studies and plans, and contracts were trade secrets or protected commercial or financial information. The burden of removing the presumption would be with the party seeking to have the information disclosed.

<u>Violations & Penalties</u>

After notice and hearing, if the PSC found that a person had violated the proposed Act, it would have to order remedies and penalties to protect and make whole people who suffered damages as a result of the violation. The PSC could do at least one or more of the following:

-- Except as provided below, order the person to pay a fine of not less than $1,000 or more than $20,000 for a first offense, or at least $2,000 but not more than $40,000 for a second or subsequent offense.
-- If the provider had fewer than 250,000 telecommunication access lines in this State, order the person to pay a fine of not less than $200 or more than $500 for a first offense, or at least $500 but not more than $1,000 for a second or subsequent offense.
-- If the person had received a uniform video service local franchise, revoke the franchise.
-- Issue cease and desist orders.

A fine could not be imposed for a violation if the provider had otherwise fully complied with the proposed Act and showed that the violation was an unintentional and bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error. Examples of a bona fide error would include clerical, calculation, computer malfunction, programming, or printing errors. An error in legal judgment with respect to a person's obligations under the Act would not be a bona fide error. The burden of proving that a violation was an unintentional and bona fide error would be on the provider.

If the PSC found that a party's complaint or defense was frivolous, it would have to award to the prevailing party costs, including reasonable attorney fees, against the nonprevailing party and its attorney.

Any party of interest would have the same rights to appeal and review a PSC finding or order as provided under the Michigan Telecommunications Act.

PSC Authority; Report

The PSC's authority to administer the proposed Act would be limited to the powers and duties explicitly provided for under it. The Commission would not have the authority to regulate or control a provider under the Act as a public utility.

The PSC would have to file a report with the Governor and Legislature by February 1 of each year. The report would have to include information on the status of competition for video services in Michigan and recommendations for any necessary legislation.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would increase the administrative responsibilities for the Public Service Commission by requiring the Commission to create a uniform video service local franchise agreement; requiring the establishment of a dispute resolution process for disputes not resolved through the provider process; and requiring an annual report on the status of competition in the State. The bill would not dedicate any additional revenue to cover the costs of these responsibilities, so they would need to be covered with existing resources.

The bill would allow the PSC to impose fines for any violation of the proposed Act by a provider. Since the bill would not dedicate that revenue, those fines would be deposited into the General Fund. The amount of revenue that would be generated would depend on the number and severity of the fines imposed.

The bill would have an indeterminate effect on local unit revenue and expenditures. The actual amount of the impact on local units would depend on a number of factors that differ between local units. In local units where the franchise fee is below the level established in the bill (or nonexistent), the bill would increase revenue. In local units where the fee is higher than the level set in the bill, the bill would reduce revenue when the fee changed. Similarly, fees paid as support for the capital cost of public, education, and government access would have an indeterminate effect, depending on the fees under the bill relative to current fees. Revenue to local units also would be affected by the interaction of credits allowed under the bill, particularly maintenance fees paid for use of public rights-of-way. To the extent that the allowed credit of five cents per linear foot of public rights-of-way exceeded the gross revenue per linear foot, the credit could eliminate any revenue the local unit might receive under the bill's franchise fee.

To the extent that the bill would limit the requirements local units may impose as part of franchise agreements, the bill could increase local unit expenditures to maintain or replace property or services available under current franchise agreements, if the bill excluded such property or services from the agreements.

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